



JIC makes LP investment in Catalys Pacific Fund, LP

- Make LP investment in a venture capital specializing in life science
- Support open innovation by building drug discovery start-up companies in domestic pharmaceutical industry
- Aim to increase the supply of risk capital and enhance the ecosystem of drug discovery in Japan

Tokyo, February 26, 2021 – Japan Investment Corporation (“JIC”) has announced its decision to make LP investment in Catalys Pacific Fund, LP (“CP”), a venture capital specializing in life science.

JIC aims to generate a virtuous cycle of risk capital to support next-generation industries in Japan. To achieve this vision, JIC promotes open innovation as a means of supporting growth and enhancing international competitiveness of businesses. JIC approaches these challenges by stimulating private sector investments in open innovation together with JIC’s own investment while fostering investment professionals.

To achieve this mission, JIC established two authorized funds, JIC Venture Growth Investment and JIC Private Equity under JIC’s umbrella, and also make LP investments to funds managed by GPs in the private sector (private funds). Through investments in these funds, JIC intends to invest in strategic areas from the policy perspective.

LP investment in CP

JIC makes LP investments in private funds based on its investment strategy. JIC reached an agreement with CP on LP investment.

1) Background of LP investment in CP

Currently, the pharmaceutical industry is facing a global trend of rising research and development costs, and in particular, the development of new drugs for biopharmaceuticals requires a large amount of money from the initial stages. In addition, the development of new drugs is becoming increasingly complicated, and it is becoming more important in new drug development to secure and utilize professionals with a high level of expertise in specific areas.

Major overseas pharmaceutical companies have responded to this situation by actively promoting open innovation in drug discovery research and development, and it has become a common model for drug discovery start-up companies with experts in specific fields to conduct clinical trials and development, and for major pharmaceutical companies to take in the results.

In addition, the background that makes this model possible is that an ecosystem that fosters drug discovery start-up companies has been formed mainly in the U.S., including the supply

of risk capital by institutional investors and venture capitals, and the production and mobilization of entrepreneurial talents with drug discovery-related expertise.

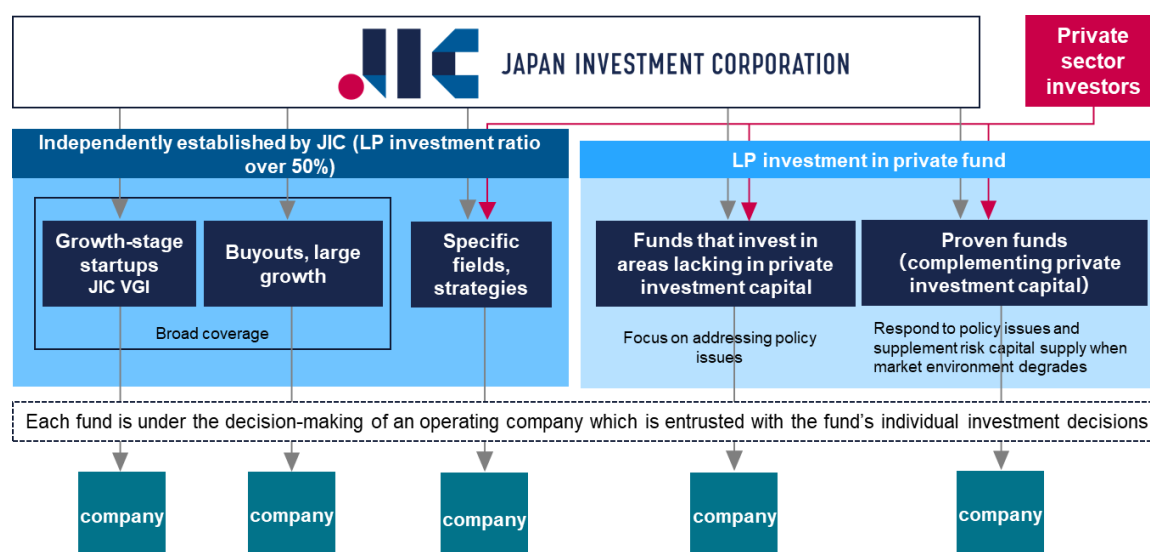
Therefore, from the perspective of strengthening the competitiveness of the domestic pharmaceutical industry, it is important to foster drug discovery start-up companies in Japan in the future, and to enhance the ecosystem that will serve as the basis for collaboration between pharmaceutical companies and start-up companies, by driving these open innovation initiatives with drug discovery start-up companies in the domestic pharmaceutical industry.

2) Outline of Catalys Pacific Fund, LP (<https://catalyspacific.com/>)

CP is based in Tokyo, Kanagawa (Shonan Health Innovation Park), and San Francisco, and invests in drug discovery seeds and early/seed stage drug discovery start-up companies. CP's core model is building own clinical development plans and implementing them globally by introducing compounds that are promising but have been held back from development in domestic pharmaceutical companies and universities due to restrictions including limited expenses for research and development.

JIC expects that CP's efforts will provide domestic pharmaceutical companies with a mechanism to create open innovation, share knowledge on development methods through collaboration with drug discovery start-up companies, and foster professionals, thereby contributing to establishing a drug discovery ecosystem in Japan. Moreover, JIC will provide advice to CP from the standpoint of an LP investor so that CP's successor funds can expand the entrustment of funds from institutional investors in the future.

(Reference) JIC's fund investment strategy



(Reference) Objectives of JIC's LP investments

1. Stimulate the supply of risk capital to help companies grow and to enhance their competitiveness
JIC intends to provide capital to areas that are essential from the perspective of strengthening industrial competitiveness but lack private investment capital (investment strategies, sectors, stages, regions, etc.) with the aim of stimulating private investment capital in the short term and medium-long term.
2. Create diverse investment teams, professionals, and strategies to support a virtuous cycle of risk capital
 - 1) Investment teams
JIC promotes growth of the investee funds as a leader in the intermediary of risk capital provided by institutional investors (pension funds, foreign investors, etc.) towards the establishment of future funds. This will be achieved by expanding experience and track records among its fund investment team (management company) and by further improving its ability to respond to institutional investors.
 - 2) Investment professionals
With the cooperation of industry organizations such as JVCA, institutional investors, and investee managers, JIC supports the research and introduction of best practices of managers and the development of human resources serving as investment professionals.
 - 3) Investment strategy
JIC will add diversity and depth to the market by making an LP investment in funds even for those with strategies that are not common in Japan yet, in response to their fund raising, including at the time of its establishment.

About Japan Investment Corporation (JIC)

Japan Investment Corporation ("JIC") was established on September 25, 2018. Amid the accelerated use of IoT, Big Data, AI, and other new information technologies globally, JIC aims to address the growing demand for risk capital for long-term, large-scale growth investments with a governance structure conducive to quick and flexible investment decision making.

URL: <https://www.j-ic.co.jp/en/>

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